



Control Number: 50538



Item Number: 3

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**DOCKET NO. 50538**

**COMPLIANCE FILING OF AEP  
TEXAS, INC. FOR A STANDARD  
TRUE-UP OF RIDER TC-3 –  
TRANSITION CHARGE-3 RATES**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

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**COMMISSION STAFF'S RECOMMENDATION**

**COMES NOW** the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this recommendation and would show the following:

**I. BACKGROUND**

On February 10, 2020, AEP Texas, Inc. (AEP) filed a Standard True-Up compliance filing concerning Rider TC-3 — Transition Charge-3 Rates. AEP requests an effective date of February 28, 2019, the first billing cycle of AEP's March billing month.

On February 14, 2020, a Notice Requiring Staff's Recommendation was issued, establishing a deadline of March 11, 2020, for Staff to file a recommendation regarding the accuracy of the adjustment, to the transition charges. This pleading is therefore timely filed.

**II. RECOMMENDATION**

As detailed in the attached memorandum from Stephen Mendoza in the Rate Regulation Division, Staff has reviewed AEP's filing and determined that AEP's adjustment to the transition charges is accurate. Staff therefore recommends that AEP's proposed 6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates — Rider TC-3, Ninth Revision be approved as filed on February 10, 2020, and deemed effective on the first billing cycle of March 2020 (February 28, 2020). Staff also recommends that AEP be required to file a clean copy of 6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates — Rider TC-3, to be stamped "Approved" by the Commission's Central Records division and retained for future reference.

**III. CONCLUSION**

Staff respectfully requests the issuance of an order consistent with the foregoing recommendation.

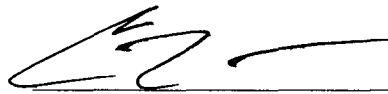
Dated: February 25, 2020

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
LEGAL DIVISION**

Thomas S. Hunter  
Division Director

Heath D. Armstrong  
Managing Attorney

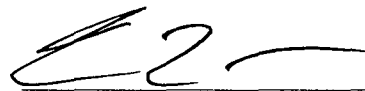


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**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on this the 25<sup>th</sup> of February in accordance with 16 TAC § 22.74.



Creighton R. McMurray

# ***PUBLIC UTILITY COMMISSION OF TEXAS***

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## **Memorandum**

**TO:** Creighton McMurray  
Legal Division

**FROM:** Stephen Mendoza  
Rate Regulation Division

**DATE:** February 25, 2020

**RE:** Docket No. 50538 – **Compliance Filing of AEP Texas, Inc. for a Standard True-up of Rider TC-3 – Transition Charge-3 Rates**

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On February 10, 2020, AEP Texas, Inc. (AEP) filed to an application for an annual true-up of its Section 6.1.1.2.3.1 – Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 (Rider TC-3). AEP was authorized to collect these nonbypassable Transition Charges to recover the securitized stranded costs, and other qualified costs under the Financing Order in Docket No 39931.<sup>1</sup> Accordingly, AEP is required to file a true-up as described in Rider TC-3. The purpose of AEP's standard true-up is to correct for any over or under-collections and ensure timely payment of transition bonds based on rating agency and bondholder considerations.

AEP states that it has over-collected its total TC-3 charges by \$493,131 with all transition charge rate classes, except for the residential rate class, in a position of over-collection. AEP's proposed Rider TC-3 reflects an adjustment for these over-collections, as well as AEP's current requirement to collect \$75,271,388 to pay for the principal, interest, and other charges necessary to satisfy its bond payment obligations effective with the first billing cycle of March 2020 through the last billing cycle for February 2021.

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<sup>1</sup> *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order at Finding of Fact No. 81, (Jan. 12, 2012).

I have reviewed AEP's filing and determined that the adjustments to Rider TC-3, as shown in Attachment 2 to the filing, are appropriately calculated and adequate to collect for AEP's scheduled transition bond payment obligations during the effective period. Accordingly, I recommend that AEP's *proposed 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3, Ninth Revision* be approved as filed on February 10, 2020. I also recommend that AEP be required to file a "clean" copy of 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3, to be stamped "Approved" by the Commission's Central Records Division and retained for future reference.